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Deputy Director of Central Intelligence
Through: (1) Office of Intelligence Coordination, and (2) Law Division
Assistant Director for Research and Reports

Bureau of the Budget Report on Economic Reporting by the Foreign Service

1. The Bureau of the Budget has been making a survey of the adequacy of economic reporting by the Foreign Service. In the course of the survey Bureau of the Budget representatives discussed the problem informally with several members of O/NE and have now furnished a draft of their report to O/NE for informal comment.

2. The Bureau of the Budget report unavoidably concerns itself in part with organizational and functional matters affecting the mission of CIA and the relationship between CIA and the Department of State.

3. The major points in the draft report that concern CIA are the following:

a. The report recommends that CIA "spot" requests go directly to an office of Foreign Reporting Services without passing through the screening now conducted by the I Area in State.

b. The office of Foreign Reporting Services would set priorities for collection after "appropriate consultation with CIA".

c. Other agencies (such as CIA) would be encouraged to assign qualified specialists to reporting jobs in the Foreign Service.

d. CIA should formulate comprehensive requirements for economic data that it wants the Foreign Service to collect.

e. CIA should be more exhaustive and specific in presenting its requirements. (This seems to apply to "spot" requirements rather than to comprehensive collection guides.)

f. State should create an active collection control mechanism to direct collection rather than passively administer the system as in the past.

4. While the above points appear to be well taken, they still fall short of what this Office feels would be desirable from CIA's point of view. Namely:

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a. CIA should be the final judge of priorities for critical requirements relating to the National Security.

b. CIA should have a direct impact on the collection control mechanism to ensure coordination of the collection effort.

5. The comprehensive statement of economic requirements for collection by the Foreign Service has already been accomplished through the [illegible] program and CIA action in connection with NSC 202 should result in further clarification and elaboration of the total needs of the United States Government for economic information related to the National Security.

6. Bureau of the Budget officials have assured this Office that CIA will have an opportunity to comment officially on the report after it has been finalized. In the meantime we have an opportunity to influence the report unofficially. There is attached a draft of a proposed unofficial comment together with a re-draft of the proposed executive order contained in the draft report. Approval of this unofficial comment and proposed executive order is requested.

/s/

THEODORE BASSETT

Attachments: (2)

(1) Draft comment, and
(2) Draft executive order.

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